



SPECIAL Alert

In This Issue

In this second Special Alert for 2011, we report the updated 2012 parameters for High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs). Several parameters associated with HDHPs and HSAs are annually indexed. The IRS just recently released the amounts for 2012.

We welcome your comments and suggestions regarding this issue of our Special Alert. For more information on this article, please contact your Account Manager or visit the McGrawWentworth web site at www.mcgrawwentworth.com.

“2012 Health Savings Account Provisions”

The IRS recently released the 2012 parameters for High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs). HSAs are trust or custodial accounts owned by individuals, and are paired with HDHPs in a consumer-driven approach to providing health benefits. Contributions to these accounts are tax-favored. Distributions and any interest accrued in the accounts will also be tax-favored if the funds are used only to pay for IRS-qualified medical expenses.

A number of rules apply to both the HDHP and an individual’s eligibility to contribute to an HSA. To begin, the individual must be covered by a qualifying HDHP in order to contribute to an HSA. Unfortunately, it is not quite so simple as that; for more details on this issue and the other rules related to HSAs, please read our 2010 *Benefit Advisor* at http://www.mcgrawwentworth.com/Benefit_Advisor/2010/BA_Issue_2.pdf. Contributions to HSAs and the provisions related to qualifying HDHPs are indexed. The cost of living adjustments are an annual event.

The parameters for HSAs and HDHPs for 2012 are as follows:

- The minimum annual deductibles for an HDHP will not change in

2012. The minimum single deductible must be at least \$1,200, and the minimum family deductible must be at least \$2,400.

(Please note that “family” coverage refers to a contract with two or more members.)

- The maximum out-of-pocket expense limits are

increasing slightly in 2012. The out-of-pocket limit for single coverage increased to \$6,050, up from \$5,950 in 2011. The out-of-pocket limit for family coverage increased to \$12,100 in 2012, up from \$11,900 in 2011.

- The annual contribution limits are also increasing slightly in 2012. The contribution limit for single coverage is \$3,100, up from \$3,050 in 2011. The contribution limit for family coverage is \$6,250, up from \$6,150 in 2011.

This updated information is important for employers that plan to offer HSA-qualified HDHPs in 2012.

If you have any questions regarding HDHPs and HSAs, please contact your McGrawWentworth Account Director.

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McGraw Wentworth, Inc.

3331 West Big Beaver Road, Suite 200
Troy, MI 48084
Telephone: 248-822-8000 Fax: 248-822-4131
www.mcgrawwentworth.com

250 Monroe Ave. NW, Suite 400
Grand Rapids, MI 49503
Telephone: 616-717-5647 Fax: 248-822-1278
www.mcgrawwentworth.com